



SIR ARTHUR LEWIS COMMUNITY COLLEGE
FACULTY OF AGRICULTURE AND TOURISM
ACADEMIC YEAR (2024/2025) – SEMESTER ONE
END OF SEMESTER FINAL EXAMINATION

COURSE CODE : AGE113
COURSE TITLE : Agricultural Economics
LECTURER(S) : Ziana Boulogne-Joseph
DATE : Friday 20th December 2024
TIME : 9:00 AM
DURATION : 2 Hours
STUDENT ID # : _____

GENERAL INFORMATION AND INSTRUCTIONS

This paper consists **One Section**.

This section consists of **Four (4) Questions**. Please answer **ALL** questions.

- **Students must sign IN and OUT on the examination class list.**
- **Write your ID number on the question paper.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

1. What is economics?

(a) Define the term “**economics**”. **(2 marks)**

(b) State whether each of the following statements is **POSITIVE** or **NORMATIVE**. **(5 marks)**

- i. Embargoes and quotas should reduce general economic welfare.
- ii. Flexible and floating exchange rates are effective international monetary arrangements.
- iii. Oligopolies are one of the most common market structures.
- iv. The rate of inflation in several countries have been elevated since the Covid 19 pandemic.
- v. Cash payments ought to increase the welfare of recipients to a greater degree than do transfers-in-kind of equal cash value.

(c) Briefly explain the fundamental economic questions. **(9 marks)**

(d) Complete the following table by differentiate among three types of economic systems using the criteria indicated in the table. (Reproduce the table on your answer sheet)

(9 marks)

Criteria	Command economy	Market economy	Mixed economy
Resource allocation			
Decision making process			
Role of government			

Total 25 marks

2. Market forces and equilibrium

a) Differentiate among the following pairs of terms: **(12 marks)**

- i. demand schedule and demand curve
- ii. supply schedule and supply curve
- iii. elastic and inelastic demand

(b) Briefly discuss the factors which influence the demand and supply of agricultural products.

(4 marks)

(c) Briefly explain how changes in demand and supply can affect the equilibrium price and quantity in agricultural markets. **(4 marks)**

Total 20 marks

3. Consumer theory & Production theory

(a) Define *utility* in economics and explain its importance in understanding consumer behavior. **(4 marks)**

(b) Explain, using indifference curve analysis, how a consumer achieves equilibrium. In your answer: **(8 marks)**

- define the concepts of an indifference curve, budget line, and the marginal rate of substitution (MRS).
- Illustrate how the point of consumer equilibrium is determined, and
- discuss what it represents in terms of consumer satisfaction.

(c) A farmer is using 2 acres of land to grow corn and decides to apply more fertilizer to increase crop yield. Initially, the additional fertilizer causes the corn to grow taller and thicker, but after a certain point, adding more fertilizer leads to a decline in the plants' health.

- i. What economic concept or law does this situation illustrate? **(1 marks)**
- ii. Briefly explain this law. **(3 marks)**
- iii. Explain its implications for the farmer's production decisions. **(4 marks)**

Total 20 marks

5. Government Involvement in the Agri-economy & National Economy

(a) Explain **FOUR (4)** reasons for government involvement in the agricultural economy. **(12 marks)**

(b) Describe **TWO (2)** types of interventions that governments may use. **(4 marks)**

(c) Distinguish between the terms **economic growth** and **economic development** using the following criteria: **(8 marks)**

- definition,
- objectives,

- measurements,
- impacts on society.

(d) The flow of money in the economy can be represented using a circular flow diagram.

Draw the simple version of this diagram.

(6 marks)

Total 30 marks

END OF EXAM